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Government Relations

March 9, 2009
Agenda Item 6.1

March 2, 2009

TO: Dennis Fay, Executive Director
Alameda County Congestion Management Agency

FR: Suter, Wallauch, Corbett & Associates

RE: Legislative Update

State Budget: After a 45 hour session the Senate and Assembly approved a budget that amends the existing year budget and implements a spending plan for 2009-10. The Governor signed the budget package on February 20th and made an additional \$1 billion in line item vetoes. The biggest cut was a \$400 million unallocated reduction to the Department of Corrections.

The remainder of the cuts came mainly from reductions to the personnel budgets of the other Constitutional officers. He reduced the personal services budgets of the Attorney General, the State Controller, the Secretary of State, and the Superintendent of Public Instruction by ten percent. The Board of Equalization and the State Treasurer were subjected to lesser reduction, but the Lieutenant Governor received the biggest whack. The Gov used his veto pen to cut the Lt Gov's budget from \$2.778 million to \$1.044 million.

The budget relies heavily on a special election that will be held on May 19, 2009. Legislation establishing the special election allows any local election between May 19 and June 2 to be consolidated with the special election. The Secretary of State has assigned the following numbers to the propositions the Legislature has placed on the May 19 ballot:

- Prop 1A – Rainey Day Fund/Spending Cap proposal
- Prop 1B – Alter Prop 98 funding guarantee for schools to allow repayment of cuts once the economy rebounds
- Prop 1C – Allows the state to bond of state lottery revenue
- Prop 1D – Temporarily shifts Prop 10 tobacco tax revenue away from California Children and Families Program
- Prop 1E – Amends Prop 63 to allow the tax revenue to used for other mental health programs
- Prop 1F – Prohibits the Citizens Compensation Commission from raising Legislators' and state officer's salaries when there is a deficit

The budget is not done, but merely on hiatus. The May Revise will likely not be released until after the Special Election, and expectation are that forecasts will show the 2009-10

budget is out of balance by at least \$5 billion. We have previously sent a summary of the budget trailer bills and budget cuts; however, if you need additional information please do not hesitate to contact us.

Federal Stimulus Funds Trigger: There has been some confusion about the “trigger” provisions included in the package of budget bills. The cuts that are subject to the trigger will not go into effect until July 1. They will be “triggered off” if the Director of the Department of Finance and the State Treasurer agree that there are at least \$10 billion in the federal stimulus package that will be received by June 30, 2010. The Finance Director and Treasurer have to make this determination in a public meeting before April 1. The Chair of the Senate Budget Committee made a statement on the Senate Floor in the wee hours of February 19 that she thinks there will be sufficient federal funds.

Economic Stimulus Hearings: State departments and legislative committees are starting to hold hearings on how federal economic stimulus funds will be allocated. Last week the Senate and Assembly Transportation Committee held an informational hearing on the allocation of approximately \$2.57 billion in highway funds.

Caltrans Director Will Kempton outlined the content of the transportation provisions of the federal plan and how the funds would flow in California pursuant to existing law. Under existing law, only 30% would flow to the regions and 70% would flow through the state to SHOPP and STIP project. To address concerns expressed by regions and counties, Director Kempton outlined a compromise proposal that would direct 62.5% (\$1.6 billion) of the funds through the STP formula to regions and keep 37.5% (\$963 million) at the state level. The compromise plan includes intent language for regions to program 40% of the funds to local street and road maintenance projects. Under the compromise proposal, the state share would be used for SHOPP projects and Prop 1B projects. Both the regional and state share must dedicate 10% of the funds for Transportation Enhancement projects, which include bicycle and pedestrian projects. The compromise plan requires legislative approval.

On March 10, the Senate Transportation and Housing Committee will hold another information hearing on the High Speed Rail Authority. The topics to be discussed range from the LAO’s critical review of the Authority’s budget to the state’s effort to secure its share of the \$8 billion in federal stimulus funds dedicate to high speed rail projects.

Constitutional Convention Conference: Last week the Bay Area Council hosted a one day summit on calling a Constitutional convention to overhaul government operations. The common goal of a convention is to improve governance in order to better address issues such as education, health care, prison crowding, and budget stalemates. However, the main issue under consideration is to limit the scope of the issues that could be raised at the convention. Senator Mark DeSaulnier spoke at the conference about his SCR 3, which would place the question of calling a convention on the ballot. SCR 3 does not currently place any parameters on the scope of a convention. Assemblyman Sam Blakeslee has also a Constitutional convention resolution, ACR 1. This measure contains provisions for selecting delegates and limits the scope to tax and budget reforms.

AB 32 Workshop: In Sacramento on March 9, the Air resources Board has scheduled a workshop for local government officials on cost effective strategies for complying with AB 32. The workshop will provide an overview of the Boards local government climate change activities and how they contribute to meeting AB 32 and SB 375 goals. The notice and additional information can be found at:

http://www.arb.ca.gov/cc/localaction/meetings/030909/workshop_localgov_3-9-09.pdf

Legislation: February 27 was the deadline for introducing new legislation. The following is a brief summary of many of the transportation related bills; however, it does not include those bills introduced on February 27. The rules require these bills to be “in print” for 30 days before they can be amended or heard in committee. This in print rule does not apply to measures with an urgency clause. If you have any questions or need additional information about any of these measures, please give us a call.

Bill	Topic	Status	Client-Position
AB 116 (Beall) I-01/14/2009	Transportation authorities and districts: contracts.	01/15/2009-From printer. May be heard in committee February 14. (01/14/2009-A PRINT)	
	NOTE: This bill would increase the contracting threshold for AC Transit, Santa Clara VTA, SamTrans, and Golden Gate Transit for materials, supplies and equipment from \$25,000 to \$100,000. In addition the bill would impose safeguards that replace the ability to issue sole source contracts with a competitive procurement process for purchase contracts under \$100,000.		
AB 231 (Huffman) I-02/05/2009	California Global Warming Solutions Act of 2006: Climate Protection Trust Fund.	02/06/2009-From printer. May be heard in committee March 8. (02/05/2009-A PRINT)	
	NOTE: This bill amends existing law to require the Air Resources Board to adopt a schedule of fees by March 2010, that would fund the administration of the AB 32 program. The bill provides goals for the fee program which include minimizing costs, reduce disproportionate impacts to low income communities, provide incentives to reduce greenhouse gas emissions, and implement market based compliance mechanisms.		

AB 277 (Ammiano) I-02/12/2009	Transportation: local retail transaction and use taxes: Bay Area.	02/13/2009-From printer. May be heard in committee March 15. (02/12/2009-A PRINT)	
	NOTE: This bill amends the Bay Area County Traffic and Transportation Funding Act, which some Bay Area counties have used to establish local transportation sales tax programs. The bill deletes the option to specify the members of the authority board in the ordinance that is placed on the ballot. Under AB 277 the members of the board would be specified only in the county transportation expenditure plan.		
AB 312 (Ammiano) I-02/17/2009	San Francisco Bay Area Rapid Transit District: Office of Citizen Complaints.	02/17/2009-Read first time. To print. (02/17/2009-A PRINT)	
	NOTE: This bill would require BART to create an Office of Citizen Complaints to investigate complaints or allegations of police misconduct.		
AB 338 (Ma) I-02/18/2009	Transit village developments: infrastructure financing.	02/19/2009-From printer. May be heard in committee March 21. (02/18/2009-A PRINT)	
	<p>NOTE: This is the reintroduction of AB 1221 (Ma) from last session. This bill would allow a city or county to create a transit village infrastructure financing district.</p> <p>For the purpose of financing transit improvements this bill would allow a local agency to establish an infrastructure financing district (IFD) without a public vote. The IFD would dedicate the incremental growth in property tax values to transit improvements. The bill would also require the local agency to dedicate 20% of the increment to low income housing projects within the district. AB 338 does not alter the existing exemption for school funds and the local agency must negotiate with and get the approval of the other taxing jurisdictions before their share, if any, is dedicated to the IFD.</p>		

AB 497 (Block) I-02/24/2009	Vehicles: high-occupancy vehicle lanes: used by physicians.	02/25/2009-From printer. May be heard in committee March 27. (02/24/2009-A PRINT)	
	NOTE: This bill would allow a physician to use an HOV lane regardless of occupancy requirements when traveling to an emergency call if the car displays an insigne to be developed by the Department of Motor Vehicles.		
AB 522 (Blumenfield) I-02/25/2009	Transportation: bond funds.	02/25/2009-Read first time. To print. (02/25/2009-A PRINT)	
	NOTE: This bill would require the CTC to ensure that Prop 1B bond funds remain available to a project sponsor for another project in the event the project sponsor uses federal economic stimulus dollars to deliver the project instead of bond dollars. This is similar to a requirement in the compromise proposal that Caltrans is sponsoring for the allocation of the federal stimulus funds.		
AB 610 (Caballero) I-02/25/2009	Local infrastructure.	02/25/2009-Read first time. To print. (02/25/2009-A PRINT)	
	NOTE: This bill directs the Governor's Office of Planning and Research to advise local governments on the role public-private partnerships can play in the development, operation, and maintenance of local infrastructure projects.		
AB 619 (Blumenfield) I-02/25/2009	Transportation projects: federal funds: delays.	02/25/2009-Read first time. To print. (02/25/2009-A PRINT)	
	NOTE: This bill would require Caltrans to notify the Legislature within 30days about projects that will be delayed due to state cash flow or other funding issues. The notification applies only to those projects where the delay places federal funds at risk.		

AB 652 (Skinner) I-02/25/2009	Vehicles: vehicle length limitation.	02/25/2009-Read first time. To print. (02/25/2009-A PRINT)	AC Transit-Sponsor
	NOTE: This bill amends existing law to increase by 4 inches the distance a bike rack can be extended from the front of a bus. The increase in length will allow transit operators to install bike racks that can accommodate three bicycles at one time.		
AB 670 (Berryhill, Bill) I-02/25/2009	Vehicles: high-occupancy vehicle lanes: veterans.	02/25/2009-Read first time. To print. (02/25/2009-A PRINT)	
	NOTE: This bill would exempt from HOV occupancy restrictions any vehicle driven by a veteran or active duty member of the United States Armed Forces. The vehicle must display a distinctive decal approved by the DMV.		
AB 726 (Nielsen) I-02/26/2009	Transportation capital improvement projects.	02/26/2009-Read first time. To print. (02/26/2009-A PRINT)	
	NOTE: This bill would amend existing law to allow regions to program local road rehabilitation projects in the STIP.		
AB 729 (Evans) I-02/26/2009	Public contracts: transit design-build contracts.	02/26/2009-Read first time. To print. (02/26/2009-A PRINT)	
	NOTE: This bill would delete the sunset date on existing law that allows transit operators to use design-build contracting on transit projects.		
AB 732 (Jeffries) I-02/26/2009	Transportation projects: design-sequencing contracts.	02/26/2009-Read first time. To print. (02/26/2009-A PRINT)	
	NOTE: Existing law establishes a two phase demonstration program for the use of design-sequencing. The first phase has		

	been completed, and this bill extends the sunset date for the second phase from January 1, 2010, to January 1, 2012.		
AB 744 (Torrico) I-02/26/2009	Transportation: Bay Area high-occupancy vehicle network.	02/26/2009-Read first time. To print. (02/26/2009-A PRINT)	
	NOTE: This bill is essentially a spot bill that would grant the Bay Area Toll Authority (BATA) the authority to finance, build, and operate a network of high occupancy toll (HOT) lanes in the Bay Area.		
AB 782 (Jeffries) I-02/26/2009	Regional transportation plans: sustainable communities' strategies.	02/26/2009-Read first time. To print. (02/26/2009-A PRINT)	
	<p>NOTE: This bill makes numerous changes to SB 375 and the implementation of Sustainable Communities Strategies. The bill includes the following changes</p> <ul style="list-style-type: none"> • Limits legal challenges of an approved SCS and projects consistent with the SCS. • Adds to the Regional Targets Advisory Committee representatives from commercial builders, business community, and entities that fund transportation projects. • Exempts from SB 375 all projects funded by Prop 1B and the federal stimulus funds, and projects contained in a local transportation sales tax plan that was adopted before December 31, 2010. • Exempts projects, including transportation projects, from CEQA if the project is consistent with the SCS. 		
AB 798 (Nava) I-02/26/2009	California Transportation Financing Authority: toll facilities.	02/26/2009-Read first time. To print. (02/26/2009-A PRINT)	
	NOTE: This is the reintroduction of AB 3021 from last year. This bill would create the California Transportation Financing Authority (CTFA). The purpose of the Authority is to establish a source for local agencies to publicly finance toll projects and other		

	<p>transportation projects.</p> <p>The definition of entities that may apply for funds includes the state and any local or regional transportation planning agency. The definition of a project includes highways, local streets, rail projects, and projects supplemental to existing facilities, but it is unclear if this includes transit projects other than rail.</p>		
AB 815 (Ma) I-02/26/2009	Public contracts: plans and specifications.	02/26/2009-Read first time. To print. (02/26/2009-A PRINT)	
	<p>NOTE: This is the reintroduction of AB 983. This bill is described as clarifying existing law with respect to public agencies providing full, complete and accurate plans and specifications for public works projects. However, concerns were expressed last year by local governments that these changes would obligate the public agency to bear the full burden for any errors while releasing the contractor from their responsibility to review plans for errors.</p>		
AB 878 (Caballero) I-02/26/2009	Infrastructure financing.	02/26/2009-Read first time. To print. (02/26/2009-A PRINT)	
	<p>NOTE: This bill would authorize local government agencies to engage in public-private partnerships for the construction and operation of local infrastructure projects.</p>		
AB 881 (Huffman) I-02/26/2009	Local transportation authorities: greenhouse gas emissions.	02/26/2009-Read first time. To print. (02/26/2009-A PRINT)	
	<p>NOTE: This bill amends the Local Transportation Authority and Improvement Act (PUC Section 180000) to authorize transportation authorities created pursuant to this act to have the powers and duties to implement projects and programs that comply with AB 32. The bill also contains provisions that direct the Sonoma County Transportation Authority to work with other entities in the County to implement AB 32.</p>		

AB 922 (Miller) I-02/26/2009	Diesel fuel tax exemption: biodiesel.	02/26/2009-Read first time. To print. (02/26/2009-A PRINT)	
	NOTE: This measure would exempt biodiesel from the state excise tax for five years starting July 1, 2009 to June 30, 2014.		
AB 949 (Logue) I-02/26/2009	Transportation: State-Local Partnership Program.	02/26/2009-Read first time. To print. (02/26/2009-A PRINT)	
	NOTE: The bill would amend the Prop 1B State and Local Partnership Program to expand the definition of local funds to include any developer fees and revenue from mineral or resource extraction fees or taxes.		
ACA 9 (Huffman) I-02/06/2009	Local government bonds: special taxes: voter approval.	02/10/2009-From printer. May be heard in committee March 9. (02/06/2009-A PRINT)	
	NOTE: This Constitutional Amendment would lower the voter threshold for local bonds and special taxes to 55% for infrastructure projects.		
SB 124 (Oropeza) I-02/04/2009	Air pollution: schoolbus idling and idling at schools.	02/23/2009-To Com. on T. & H. (02/23/2009-S T. & H.)	
	NOTE: This bill would codify existing regulations adopted by the State Air Resources Board that limit idling of diesel engines at or near a school.		
SB 165 (Lowenthal) I-02/14/2009	Federal transportation funds.	02/15/2009-From print. May be acted upon on or after March 17. (02/14/2009-S PRINT)	
	NOTE: This is a spot bill that may be used to implement changes needed to allocate federal American Recovery and Reinvestment		

	Act funds dedicated to highway projects. The bill currently contains Legislative intent language.		
SB 205 (Hancock) I-02/23/2009	Traffic congestion: motor vehicle registration fees.	02/24/2009-From print. May be acted upon on or after March 26. (02/23/2009-S PRINT)	CMA-Sponsor
	NOTE: This is the reintroduction of AB 444 from last session. SB 205 would allow any county to place on the ballot a majority vote measure to impose up to a \$10 fee on each vehicle for the purpose of funding congestion mitigation and air quality programs.		
SB 391 (Liu) I-02/26/2009	California Transportation Plan.	02/26/2009- Introduced. Read first time. To Com. on RLS. for assignment. To print. (02/26/2009-S PRINT)	
	NOTE: Under existing law Caltrans is required to prepare the California Transportation Plan which is used as a long range planning document for the state. The Plan was originally required to be submitted to the Governor by December 1, 1993. This bill would require Caltrans to update that plan and specifically address how the state will reduce greenhouse gas emissions to 1990 levels by 2020. The bill would require the plan to outline the multi-modal transportation system needed to achieve the AB 32 reductions.		
SB 400 (Corbett) I-02/26/2009	Energy: green vehicles.	02/26/2009- Introduced. Read first time. To Com. on RLS. for assignment. To print. (02/26/2009-S PRINT)	
	NOTE: This bill amends the Alternative and Renewable Fuel and Vehicle Technology Program to expand the scope of eligible projects that can apply for funding. For projects seeking to		

	improve the efficiency of internal combustion engines, this bill lowers the goal from 40% to 30% improvement in efficiency over existing technology. The bill also creates a class of vehicles known as "California green vehicles." These vehicles are defined to include ultralow emission vehicles, plug-in hybrids, partial zero emission vehicles, among others, but the definition does not include a zero emission bus.		
SB 409 (Ducheny) I-02/26/2009	Department of Railroads.	02/26/2009-Introduced. Read first time. To Com. on RLS. for assignment. To print. (02/26/2009-S PRINT)	
	NOTE: This bill would create the Department of Railroads separate from Caltrans.		
SB 425 (Simitian) I-02/26/2009	Vehicle trip reduction.	02/26/2009-Introduced. Read first time. To Com. on RLS. for assignment. To print. (02/26/2009-S PRINT)	
	NOTE: This bill would direct the Air Resources Board to work with Caltrans on developing a trip reduction program. The bill currently requires the state to collect information from employers with 100 or more employees and regional transportation planning agencies information about existing trip reduction programs, evaluate that information, and develop additional incentives that reduce single occupant trips by 25% by 2015.		
SB 455 (Lowenthal) I-02/26/2009	High-speed rail.	02/26/2009-Introduced. Read first time. To Com. on RLS. for assignment. To print. (02/26/2009-S PRINT)	
	NOTE: This bill makes numerous technical changes that allow the High Speed Rail Authority (HSRA) to enter into contracts and purchase property consistent with existing law. In addition, the		

	<p>bill adds additional criteria on the expenditure of the High Speed Rail Bond funds on Phase 1 of the project.</p> <p>Pursuant to SB 455, the HSRA shall ensure that one of the following criteria is met when undertaking Phase 1 projects 1) enhances access to stations and terminals, with priority given to stations and terminals that serve the largest employment centers, 2) improvements to existing commuter and intercity rail service, and 3) projects that improve connections to San Joaquin Valley.</p>		
SB 474 (Ducheny) I-02/26/2009	Transportation: reporting requirements.	02/26/2009- Introduced. Read first time. To Com. on RLS. for assignment. To print. (02/26/2009-S PRINT)	
	<p>NOTE: The recently enacted budget agreement included demonstration programs on the use of design-build, public-private partnerships, and CEQA permit coordination for transportation projects. This bill would require Caltrans to provide an annual report to the Legislature on the progress of these demonstration programs.</p>		
SB 485 (Wright) I-02/26/2009	State Highway Operation and Protection Program Emergency Funding Act.	02/26/2009- Introduced. Read first time. To Com. on RLS. for assignment. To print. (02/26/2009-S PRINT)	
	<p>NOTE: This bill would enact the State Highway Operation and Protection Program Emergency Funding Act. SB 485 is little more than a spot bill that contains Legislative intent language to provide adequate funding for SHOPP projects.</p>		
SB 518 (Lowenthal) I-02/26/2009	Vehicles: parking services and fees.	02/26/2009- Introduced. Read first time. (02/26/2009-S PRINT)	
	<p>NOTE: This bill seeks to reduce traffic congestion and greenhouse gas emissions by eliminating state subsidies for parking and providing an incentive for cities and counties to overhaul local parking policies.</p>		